

1-1-1984

Washington report, vol. 13 no.24, August 6, 1984

American Institute of Certified Public Accountants.

Follow this and additional works at: https://egrove.olemiss.edu/aicpa_news



Part of the [Accounting Commons](#), and the [Taxation Commons](#)

Recommended Citation

American Institute of Certified Public Accountants., "Washington report, vol. 13 no.24, August 6, 1984" (1984). *Newsletters*. 956.
https://egrove.olemiss.edu/aicpa_news/956

This Article is brought to you for free and open access by the American Institute of Certified Public Accountants (AICPA) Historical Collection at eGrove. It has been accepted for inclusion in Newsletters by an authorized administrator of eGrove. For more information, please contact egrove@olemiss.edu.

AICPA *Washington Report*

August 6, 1984, Volume XIII, Issue 24

Commerce	Increase in government employment reported	p. 1
FEC	Revisions proposed on Testing the Waters Activities	p. 1
FRB	Board proposes capital requirements for federally supervised banks	p. 1
NCUA	Services from third party vendors affected by FCU proposal . . .	p. 1
Treasury	Accounting rules for redemption costs of qualified discount coupons	p. 2
	Filing requirements for employee benefit plans explained in Service publication	p. 2
	Consolidated return regulations proposed	p. 2
	New rules for foreign sales corporations	p. 2
Special	Unitary taxation report sent to President	p. 3

COMMERCE, DEPARTMENT OF

The decline in public employment has ended, with total employment at 16,034,000 according to a study released by the U.S. Department of Commerce's Census Bureau on 8/1/84. Citing the 10/82-83 period, the release stated that the increase, covering all levels of government, totaled 116,000 more employees, or 0.7 per cent. Civilian government employment, according to the Census Bureau, peaked at 16, 213,000 in 1980, then dropped by 295,000 during 1981 and 1982, the only years of decline in this segment of the labor force since the end of World War II.

FEDERAL ELECTION COMMISSION

Payments Received for Testing the Waters Activities is the subject of a notice of proposed rulemaking by the Federal Election Commission (see the 7/31/84 Fed. Reg. pp. 30509-10). The proposal requests comments on possible revisions to FEC regulations which permit an individual to receive and expend funds to test the feasibility of a campaign for Federal office without becoming a candidate under the Federal Election Campaign Act of 1971. Comments must be received by 10/1/84. For further information contact Susan Proper at 202/523-4143.

FEDERAL RESERVE BOARD

Proposed guidelines for required levels of capital for bank holding companies and state chartered banks that are members of the Federal Reserve System were recently issued for comment by the FRB (see the 7.30.84 Fed. Reg. pp. 30317-30325). The proposal would amend the Board's Capital Adequacy Guidelines in a manner consistent with the provisions of capital adequacy under consideration by the FDIC and the OCC in order to establish uniform minimum capital requirements for federally supervised banks. Revised Capital Adequacy Guidelines concerning bank holding companies were also proposed. In addition, the Board issued a proposed regulation setting forth procedures under which the Board may require compliance with the minimum capital requirements in the Guidelines. Comments must be submitted by 9/24/84. For further information, contact James E. Scott at 202/452-2594.

NATIONAL CREDIT UNION ADMINISTRATION

Federal credit union insurance and group purchasing activities, including services from third party vendors, is the subject of a proposed rule issued on 8/1/84 by the National Credit Union Administration (see the 8/1/84 Fed. Reg. pp. 30739-40). The proposal concerns Part 721 of the NCUA Rules and Regulations, through which insurance and other goods and services are made available from third party vendors to credit union members. Pursuant to sec. 721.1, a federal credit union may perform administration functions for the third party vendors offering these plans to credit union members. The proposal, if adopted, would eliminate reimbursement restrictions currently in effect for the functions federal credit unions perform in connection with credit-related insurance. Comments are due by 11/30/84. For further information, contact Robert Fenner at 202/357-1030.

TREASURY, DEPARTMENT OF

The method of accounting for the redemption costs of qualified discount coupons is the subject of a notice of proposed rulemaking by the Internal Revenue Service (see the 8/3/84 Fed. Reg. pp. 31080-86). Among other things, the proposed regulations contain rules that determine how and when a suspense account established under section 466(e) must be taken into account by the transferee in the case of certain transactions where there is nonrecognition of gain or loss to either party because of the application of subchapter C of Chapter 1 of the Internal Revenue Code of 1954. Written comments and a request for a public hearing must be delivered by 10/2/84. For further information contact Alice Bennett at 202/566-3288.

An updated edition of the IRS publication, Filing Requirements for Employee Benefit Plans, is now available, according to a 7/23/84 announcement from the Service. Publication 1048 (Rev. March 1984) explains the filing requirements for the forms and reports filed by employers and administrators of public and private retirement plans. The forms and reports covered include those issued by the IRS, the DOL and the PBGC. Also covered are numerous changes in the filing requirements, including references to new Form 5498, Individual Retirement Arrangement Information, and new Schedule T (Form 5300), Supplemental Application Form for Approval of Employee Benefit Plans Under TEFRA. The publication may be ordered by calling the Tax Information number in the phone book under "United States Government, Internal Revenue Service."

Consolidated Return Regulations, proposed amendments to the Income Tax Regulations (26 CFR Part 1 under section 1502 of the Internal Revenue Code of 1954), are the subjects of a notice of proposed rulemaking by the IRS (see the 7/31/84 Fed. Reg. pp. 30528-39). The proposed regulations, according to IRS, reflect changes in applicable law made by various Acts and also make technical changes in existing regulations. The regulations "would provide guidance to affiliated groups that file consolidated returns so that the tax liability of any group may be clearly reflected". Written comments or a request for a public hearing must be delivered or mailed by 10/1/84. For further information contact Bennett C. Steinhauer at 202/566-4336.

Proposed regulations concerning foreign sales corporations (FSC) are currently being developed by the IRS according to a recent announcement from the Service (see the 8/3/84 Fed. Reg. p. 31086). FSCs were provided for in the Tax Reform Act of 1984 to replace the provisions for domestic international sales corporations under existing law. Comments are being sought with respect to the requirement that an FSC be managed outside the U.S. (sec. 924 (c)); the requirement that economic processes take place outside the U.S. (sec. 924 (d)), particularly with respect to the relationship of the activities described in sec. 924 (e) to the business practices of various industries; and the requirements for use of administrative pricing rules (sec. 925 (c)). Comments must be mailed by 8/31/84 or delivered by 9/4/84. For further information contact David J. Dean at 202/566-3289.

SPECIAL: UNITARY TAXATION REPORT SENT TO PRESIDENT

The Report of the Worldwide Unitary Taxation Working Group, containing a summary of activities, issues, and recommendations, was transmitted to the President on 7/31/784 by Working Group Chairman Donald T. Regan, Secretary of the Treasury. The Report, according to Secretary Regan, "states the three principles that the Working Group agreed at its May meeting should guide state taxation of multinational corporations: the water's edge accounting approach, increased federal administrative assistance and cooperation, and a competitive balance for U.S. multinationals, foreign multinationals, and purely domestic business". The Working Group is composed of representatives of the federal government, state governments, and the business community. The state and business representatives were unable to reach agreement on the proper state tax treatment of foreign source dividends and of U.S. based corporations operating abroad (so-called 80/20 corporations). These issues, according to the Report, were left for resolution at the state level in accord with the competitive balance recommendation. In a section devoted to a discussion of the issues, the Report outlined some concerns of critics of worldwide unitary combination: "Compared to separate accounting, worldwide unitary combination may distort the measurement of taxable income. It may result in either over or under taxation. Worldwide unitary combination departs from the internationally accepted standard of taxation, which is based on arm's length or separate accounting principles". Critics of separate accounting argued that it may distort the measurement of taxable income. Separate accounting may result in either over or undertaxation. They went on to say that separate accounting departs from the acceptable method of taxation of multijurisdictional unitary business, which is formula apportionment. This Report, signed by Secretary Regan, will be followed by a supplement on 8/31/84 that will contain additional views by Working Group members. The supplement and the Chairman's Report will constitute the entire Final Report on the Working Group.

For additional information, please contact Stephanie McCarthy, Gina Rosasco, Nick Nichols or Kathee Baker at 202/872-8190.

AICPA *Washington Report*

American Institute of Certified Public Accountants

1620 Eye Street, N.W., Washington, D.C. 20006

FIRST CLASS MAIL